

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: ELAB, PINT, IT
SUBJECT: ANDREOTTI EMERGES UNSCATHED FROM MEETING WITH UNIONS

REF: ROME 3544

1. SUMMARY. THE CGIL-CISL-UIL FEDERATION (CCU) LEADERSHIP
"DIDN'T SAY YES, DIDN'T SAY NO" AFTER DISCUSSING PREMIER-DE-
SIGNATE ANDREOTTI'S DRAFT PROGRAM WITH HIM AT LENGTH FEBRUARY
25. CCU WAS CRITICAL THAT ANDREOTTI'S PROGRAM STILL DID NOT
YET ADEQUATELY PLAN DEVELOPMENT TO EXPAND EMPLOYMENT, BUT WAS
CAUTIOUSLY PLEASED THAT ANDREOTTI HAD ELIMINATED OR MODIFIED
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THE FEATURES OF HIS DRAFT MOST OBNOXIOUS TO CCU.
CCU RESERVED JUDGMENT PENDING ANOTHER MEETING WITH ANDREOTTI
AFTER HE HAS COMPLETED HIS PROGRAM AND GOVERNMENT FORMULA,
BUT BEFORE HE SUBMITS THEM TO PARLIAMENT. CCU THUS TOSSED
THE BALL BACK TO THE POLITICAL PARTIES AND TRIED TO AVOID
BEING USED BY THEM IN THEIR JOCKEYING OVER PROGRAM AND
GOVERNMENT FORMULA. END SUMMARY.

2. AFTER MEETING 5-7 HOURS WITH ANDREOTTI FEBRUARY 25, CCU LEADERS ISSUED A COMMUNIQUE EXPRESSING CONCERN THAT A SOLUTION TO THE GOVERNMENT CRISIS IS STILL NOT CLEAR, AND SAYING CCU COULD NOT FAIL TO EMPHASIZE THE DIFFERENCES REMAINING BETWEEN ANDREOTTI'S AND CCU'S PROPOSALS, PARTICULARLY THE ABSENCE IN THE FORMER OF DEVELOPMENTS PLANS WITH PRECISE QUANTIFIABLE EMPLOYMENT OBJECTIVES AND COORDINATED UTILIZATION OF RESOURCES FOR THIS END. THIS BASIC DEFICIENCY MADE IT IMPOSSIBLE, AT LEAST FOR NOW, TO IDENTIFY IN ANDREOTTI'S PROGRAM THE CLEAR SHIFT IN ECONOMIC POLICY SOUGHT BYCCU. HOWEVER, CCU DID NOT WISH TO UNDERESTIMATE THE FACT THAT MANY SPECIFIC ORIENTATIONS OR INDICATIONS IN ANDREOTTI'S PROGRAM HAD BEEN MODIFIED OR SET ASIDE, BRINGING IT CLOSER TO CCU'S POSITIONS. CCU'S DEFINITIVE JUDGMENT WOULD BE MADE ONCE THERE IS A PRECISE GOVERNMENTAL PROGRAM; A MEETING IS FORESEEN WITH ANDREOTTI BEFORE THE PROGRAM IS PRESENTED TO PARLIAMENT. CCU LEADERS SUGGESTED THAT CCU WOULD, MEANWHILE, SEEK MEETINGS WITH THE VARIOUS POLITICAL PARTIES. THE LABOR LEADERS REJECTED OUT OF HAND PROPOSALS BY REPUBLICAN PARTY LEADER UGO LA MALFA THAT CONTRACTUAL WAGE INCREASES BEYOND THE COST-OF-LIVING ESCALATOR INCREASES BE SUSPENDED FOR TWO YEARS, AND FOR THE ESTABLISHMENT OF A TRIPARTITE LABOR-MANAGEMENT-GOVERNMENT PLANNING MECHANISM. THE CCU PREFERS TO LEAVE PLANNING RESPONSIBILITY IN GOVERNMENT HANDS.

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3. THE CCU COMMUNIQUE IS VAGUE ON THE AREAS IN WHICH ANDREOTTI HAS MODIFIED HIS PROGRAM, BUT THEY REPORTEDLY INCLUDE 1) ELIMINATION OF A PLAN TO EXEMPT VALUE ADDED TAX INCREASES FROM THE WAGE ESCALATION SYSTEM, 2) DROPPING A PROPOSAL TO LEVY FEES FOR HOSPITALIZATION AND, PERHAPS, FOR MEDICAL VISITS, UNDER SOCIAL SECURITY, AND 3) MODIFICATION OF THE BASIC ESCALATOR SYSTEM WHICH LINKS PENSIONS TO CONTRACTUAL MINIMUM WAGES. ANDREOTTI REPORTEDLY ASSURED THE UNION LEADERS THAT THE FREEZE OF ESCALATOR INCREASES (INTO GOVERNMENT BONDS) OVER CERTAIN INCOME LEVELS WOULD CEASE ON SCHEDULE THIS SPRING, BUT THAT INCOME TAX INCREASES FOR THOSE EARNING ABOVE SIX OR SEVEN MILLION LIRE ANNUALLY WOULD TAKE EFFECT IN JUNE. CCU LEADERS FOUND ANDREOTTI'S POSITION ON POLICE DEMILITARIZATION AND UNIONIZATION SOMEWHAT IMPROVED, BUT STILL "CONFUSED."

4. COMMENT: THIS SKEPTICAL LABOR VIEW OF ANDREOTTI'S ECONOMIC OUTLINED IS A CONSIDERABLE SOFTENING OF THE HARSH REJECTION ORIGINALLY PROPOSED BY THE CGIL. THE CISL IN PARTICULAR SEEMS INCREASINGLY DETERMINED TO RESIST BLATANT CGIL USE OF THE CCU (I.E., THE OTHER TWO LABOR CONFEDERATIONS) TO FURTHER PCI INTERESTS IN THE CURRENT CRISIS. HOLMES

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